

Message Text

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ACTION EB-11

INFO OCT-01 ADP-00 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 OIC-04 IO-12 RSR-01 /224 W

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R 141440 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 9289

INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

C O N F I D E N T I A L GENEVA 2250

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E. O. 11652: N/ A

TAGS: ETRD, GATT

SUBJECT: GATT: CTIP, MAY 10-11

REF: TSC 73-29

BEGIN SUMMARY: CTIP BEGAN WORK OF ESTABLISHING PRIORITY LIST OF NTBS TO BE INCLUDED IN MTN. ALSO AGREED TO ESTABLISH WG ON SAFEGUARDS WITH BROAD TERMS OF REFERENCE. DISCUSSION OF TARIFF REDUCTION TECHNIQUES NOTABLE MAINLY FOR EC INSISTENCE THAT HARMONIZATION NECESSARY IF BALANCE TO BE ACHIEVED IN TARIFF FIELD. CTIP TO MEET AGAIN JULY 3-4. END SUMMARY.

1. TARIFFS: A. CTIP BRIEFLY DISCUSSED TOTAL ELIMINATION, LINEAR CUTS, AND HARMONIZATION. NORDICS HAD KIND WORDS FOR TOTAL ELIMINATION, EC AND PARTICULARLY AUSTRIA TILTED TOWARD HARMONIZATION, AND SWITZ AND CANADA VAGUELY SUGGESTED MERGER OF TECHNIQUES. US(KELLY) POINTED OUT THAT, IF HARMONIZATION TECHNIQUES REQUIRED UNEQUAL TARIFF CONCESSIONS, RECIPROCITY WOULD HAVE TO BE SOUGHT IN NONTARIFF AREAS. ONE WAY OF ACHIEVING BALANCE IN TARIFF HARMONIZATION FORMULAE WOULD BE TO INCREASE LOW DUTIES. MORE DESIRABLE WAY WOULD BE TO MAKE LARGER CUTS WHERE ITEMS ALSO SUBJECT TO PREFERENTIAL RATES, WHICH DISTORT TRADE AS MUCH OR MORE THAN HIGH DUTIES. EEC (ABBOTT) DISAGREED, ARGUING (A) HARMONIZATION LEADS TO BALANCED RESULT AND (B) TRADE- DISTORTING EFFECTS OF ARTICLE XXIV ARRANGEMENTS DUTIES HAD NO SUCH REDEEMING MERIT.

B. CTIP DECIDED THAT SECRETARIAT SHOULD PREPARE NOTE FOR APPROVAL AT NEXT MEETING, AS PART OF GENERAL T& M PAPER, DESCRIBING THE THREE TECHNIQUES ALONG WITH DELEGATION COMMENTS ON THEM AT THIS AND EARLIER CTIP MEETINGS. AT LDC REQUEST SECRETARIAT WILL ALSO SUBMIT PROPOSAL FOR STUDY EXPLORING TECHNIQUES' IMPLICATIONS FOR LDC EXPORTS, ESPECIALLY EFFECT IN GSP. ISSUES IN TARIFF STUDY WORKING PARTY REPORTED SEPTEL.

2. NTBS. A. US PROPOSED THAT IN DEVELOPING LIST OF CONFIDENTIAL

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NTBS TO BE INCLUDED IN NEGOTIATION, PRIORITY BE GIVEN TO GENRAL NTB CATEGORIES FOR WHICH RULES COULD BE FORMULATED. IN THIS CONNECTION EXPORT SUBSIDIES AND DOMESTIC SUBSIDIES THAT STIMULATE EXPORTS, GOVERNMENT PROCUREMENT, AND STANDARDS WERE SUGGESTED. US IN PROCESS OF REVIEWING NTBS AND MAY LATER PROPOSE OTHER GENERAL CATEGORIES, AS WELL AS NTBS OF MORE LIMITED NATURE WHICH IN SOME CASES RELATE TO ONLY ONE COUNTRY.

B. CANADA (CLARK) SUPPORTED US ON EXPORT SUBSIDIES AND STANDARDS AND ALSO SUGGESTED INCLUSION OF COUNTERVAILING DUTIES AND QRS (AND EMBARGOES) CONSISTENT WITH GATT OR GIVEN LEGAL COVER UNDER WAIVERS OR ACCESSION PROTOCOLS. SWITZERLAND SUPPORTED US ON STANDARDS,

GOVERNMENT PROCUREMENT, AND EXPORT SUBSIDIES AND, IN KEEPING WITH POSITION TAKEN WG I, INDICATED THAT EXPORT SUBSIDIES SHOULD BE TAKEN UP BEFORE COUNTERVAILING DUTIES. JAPAN AND EC HAD NOTHING TO PROPOSE AT PRESENT TIME. EC DOUBTED WHETHER ANY CONSENSUS COULD BE OBTAINED ON A PRIORITY LIST. US REPLIED THAT CONSIDERABLE CONSENSUS APPEARED EXIST AND SUGGESTED FURTHER DISCUSSION AT NEXT MEETING.

C. SECRETARIAT URGED ALL DELS THAT HAD NOT DONE SO TO UPDATE NTB NOTIFICATIONS AS SOON AS POSSIBLE SO THAT REVISED DOCUMENTATION CAN BE PREPARED BEFORE JULY PREPCOM. WE UNDERSTAND INTER ALIA THAT EC HAS SUBMITTED NOTIFICATION ON DISC.

3. SECTOR APPROACH. CANADA INDICATED INTENTION TO TABLE PAPER IN NEAR FUTURE. THEREFORE, FURTHER DISCUSSION DEFERRED.

4. SAFEGUARDS. A. CTIP AGREED THAT WORKING PARTY BE ESTABLISHED WITH FOLLOWING BROAD TERMS OF REFERENCE:

QUOTE

TO EXAMINE, IN THE CONTEXT OF THE WORK OF THE COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS ON VARIOUS TECHNIQUES AND MODALITIES FOR EFFECTIVE AND COMPREHENSIVE FUTURE CONFIDENTIAL

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NEGOTIATIONS, THE ADEQUACY OF THE MULTILATERAL SAFEGUARD SYSTEM OF THE GENERAL AGREEMENT

(I) IN THE LIGHT OF PRESENT CONDITIONS AND EFFORTS TO ACHIEVE AND PRESERVE A FURTHER LIBERALIZATION AND EXPANSION OF TRADE, AND

(II) FOR ENSURING THE MAINTENANCE OF ACCESS.

IN CARRYING OUT THIS TASK THE GROUP SHOULD GIVE DUE CONSIDERATION TO THE ADEQUACY OF THE MULTILATERAL SAFEGUARD SYSTEM OF THE GATT TO THE SPECIAL SITUATIONS DEVELOPMENT PROBLEMS, AND NEEDS OF DEVELOPING COUNTRIES BEARING IN MIND THE OBJECTIVES OF THE NEGOTIATIONS AGREED AT THE 28 TH SESSION OF THE CPS AND REPORT IN DUE COURSE TO THE CTIP. END QUOTE.

EXCEPT FOR LAST SENTENCE, WHICH PROPOSED LDCE, THESE TERMS ARE ALMOST IDENTICAL WITH AGREED CTIP WORK PROGRAM (COM. IND/19).

B. CHAIR PROPOSED AND CTIP AGREED THAT DUNKEL (SWITZERLAND) WOULD CHAIR GROUP. WG TO BE OPEN TO ALL INTERESTED CTIP PARTICIPANTS. NO INTENTION TO SCHEDULE

SUBSTANTIVE MEETING BEFORE OCTOBER. JAPAN WELCOMED ESTABLISHMENT OF GROUP AND PROPOSED THAT, INTER ALIA, IT EXAMINE LINK BETWEEN APPLICATION OF SAFEGUARD MEASURES AND INDUSTRIAL ADJUSTMENT, CRITERIA FOR AND DURATION OF SAFEGUARD MEASURES, AND A PANEL FOR MULTILATERAL SURVEILLANCE OF SUCH MEASURES.

C. US DREW CTIP ATTENTION TO SECRETARIAT' S PAPER ON SAFEGUARDS FOR MAINTENANCE OF ACCESS (COM. IND/ W/104) AND SAID THAT UNBOUND RATES APPEARED TO BE GREATER SOURCE OF UNCERTAINTY AND THREAT TO MAINTENANCE OF ACCESS THAN USE OF ARTS. XXIII AND XXVIII. HE NOTED THAT SOME DEVELOPED COUNTRIES (READ CANADA AND JAPAN) HAVE ONE- THIRD OR MORE OF IMPORTS ENTERING UNDER UNBOUND RATES AND SAID ONE OF OBJECTIVES OF FUTURE MTN SHOULD BE TO BIND THESE RATES.

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5. LDCS. EXCEPT FOR SAFEGUARDS ISSUE LDCS LARGELY SILENT. CTD ON JUNE 12-15 AND POSSIBLY 18-22 WILL PROVIDE AMPLE OPPORTUNITY CONSIDER SAME SUBJECTS.

6. FUTURE MEETINGS. A. US STRONGLY URGED THAT CTIP MEET IN JUNE BEFORE JULY PREPCOM SO THAT LATTER WOULD HAVE BENEFIT OF CURRENT REPORT. EC INDIFFERENT TOWARDS ANOTHER MEETING. OTHER DELS SUPPORTED US BUT JULY 3-4 ONLY AVAILABLE DATES THAT COULD BE AGREED. CTIP WILL CONSIDER (1) UP- TO- DATE PAPER TO BE PREPARED BY SECRETARIAT ON TECHNIQUES AND MODALITIES FOR TRADE NEGOTIATIONS, (2) ADDITIONS TO NTB PRIORITY LIST, (3) PROPOSED CANADIAN PAPER ON SECTOR APPROACH, AND (4) REPORT OF TARIFF STUDY WORKING PARTY.

B. EC ALSO RESISTED SCHEDULING OF WG I ON EXPORT SUBSIDIES AND COUNTERVAILING DUTIES, BUT JUNE 26-27 AGREED AFTER MEETING CONCLUDED. CANADA PROPOSED AND CTIP AGREED TO ADD SUBSIDIES WITH IMPORT SUBSTITUTION EFFECTS TO TERMS OF REFERENCE. JUNE 4-8 WG III MEETING ON STANDARDS CONFIRMED. SECRETARIAT TO PREPARE BACK- GROUND PAPER ON PACKAGING AND LABELLING. WG II ON IMPORT DOCUMENTATION AND CONSULAR FORMALITIES WILL MEET IN OCTOBER TO REVIEW ECE AND CCC PROGRESS ON RELATED WORK. WG IV ON QRS AND EXPORT RESTRAINTS NOT SCHEDULED AND WILL PROBABLY NOT MEET BEFORE FALL. BASSIN

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